

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Hoosier School Benefit Trust)
6141 South Franklin Road)
Indianapolis, Indiana 46259)

Examination of: **Hoosier School Benefit Trust**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Hoosier School Benefit Trust, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on January 4, 2022, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Hoosier School Benefit Trust shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

2/15/2022
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6420

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IN THE MATTER OF:)
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Hoosier School Benefit Trust)
6141 South Franklin Road)
Indianapolis, Indiana 46259)

Examination of: **Hoosier School Benefit Trust**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Hoosier School Benefit Trust (hereinafter “Company”) for the time period January 1, 2015 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on June 3, 2021.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on January 4, 2022 and was received by the Company on January 10, 2022.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Hoosier School Benefit Trust as of December 31, 2019.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Hoosier School Benefit Trust to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 15 day of
February, 2022.



Amy L. Beard
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA

Department of Insurance

REPORT OF THE LIMITED SCOPE EXAMINATION

OF

HOOSIER SCHOOL BENEFIT TRUST

**A MULTIPLE EMPLOYER WELFARE ARRANGEMENT
NAIC Co. Code 14471**

As of

December 31, 2019

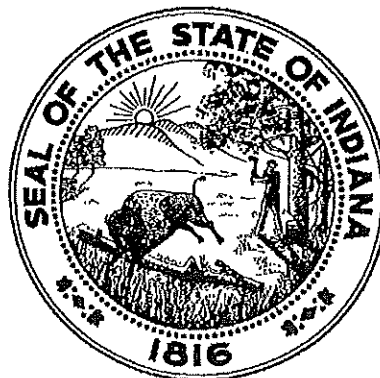


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/doi

June 3, 2021

Honorable Amy L. Beard, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4067, an examination was performed of the affairs and financial condition of:

Hoosier School Benefit Trust
6141 S. Franklin Road
Indianapolis, IN 46259

Hoosier School Benefit Trust is a Multiple Employer Welfare Arrangement (MEWA) formed to provide health and other benefits covering all eligible employees of participating educational institutions that are located in the State of Indiana.

Ingardus, LLC conducted the examination remotely with the cooperation of Hoosier School Benefit Trust.

The Report of Examination, reflecting the status of the Trust as of December 31, 2019, is respectfully submitted

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4461	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-2402	COMPANY RECORDS 317-232-5692	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
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SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined the Hoosier School Benefit Trust (the Trust) for the period ending December 31, 2014. Ingardus, LLC (Ingardus) performed a limited scope examination of the Trust for the period from January 1, 2015 through December 31, 2019. The examination included all material transactions and events occurring subsequent to the examination date and noted during the course of the examination.

The limited scope examination was conducted using agreed upon procedures provided by the Department. Ingardus performed the examination of the Trust in order to evaluate its statutory compliance, financial condition, and to identify possible prospective risks of the Trust. During the examination, Ingardus obtained certain information pertaining to the Trust, including corporate governance matters. The examination also included assessing the principles used and significant estimates made by management and evaluated the overall financial statement presentation of the Trust.

All accounts and activities of the Trust were considered in accordance with the limited scope examination process. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment was identified, the impact of such adjustment was documented separately following the Trust's financial statements.

This limited scope examination report is consistent with Indiana Code § 27-1-3.1-10. There may have been other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), were not included within the examination report but were separately communicated to the Department and/or the management of the Trust.

HISTORY

Five (5) participating employers established the Trust on August 19, 1992. The Trust was comprised of seven (7) participating employers as of December 31, 2019. The purpose of the Trust is to provide medical, dental, vision, life and related coverages and administrative services for the benefit of the employees of participating employers. The Second Amended and Restated Agreement and Declaration of Trust of the Hoosier School Benefit Trust, as amended on January 1, 2013, provides that the Trust should be administered as a voluntary employees' beneficiary association under Section 115 of the Internal Revenue Code.

TERRITORY AND PLAN OF OPERATION

The Trust offers group medical, dental, vision and life insurance benefits to eligible employees of participating school districts, Southside Special Services of Marion County and Central Indiana Educational Service Center throughout central Indiana. The medical, dental and vision benefits offered are self-funded. The life benefits are fully insured and are provided via group life insurance contracts. As of December 31, 2019, the Trust had 3,510 participating employees.

GROWTH OF THE TRUST

The following exhibit summarizes the financial results of the Trust during the examination period.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balance</u>	<u>Change in Fund Balance</u>
2019	\$19,884,221	\$4,722,606	\$15,161,615	(\$3,550,632)
2018	24,623,592	5,911,345	18,712,247	789,424
2017	22,499,521	4,576,698	17,922,823	(291,674)
2016	22,601,749	4,387,252	18,214,497	1,220,081
2015	22,085,115	5,090,699	16,994,416	861,373

The Trust's assets are held in qualified financial institutions. From January 1, 2015 through December 31, 2019, the Trust's Fund Balance exceeded the minimum statutory balance requirements set forth in 760 IAC 1-68-10.

MANAGEMENT AND CONTROL

Trustees

The Trust has a governing document, the Second Amended and Restated Agreement of Trust of the Hoosier School Benefit Trust Agreement (Trust Agreement), with an effective date of January 1, 2013. The Trust Agreement calls for two (2) trustees per school/school district employer, of which there are five (5). One trustee must be a member of the school/school district's administration and one must be a teacher of the school/school district. The Trust Agreement further stipulates that the administrative representative should be the school superintendent and the president of the employer's teachers' local bargaining unit as the teacher representative unless said person notifies the school/school district that he/she is unable to be said representative. At such time, the school/school district may appoint another person in the appropriate role to serve as the trustee. The remaining two (2) participating employers, Southside Special Services of Marion County (SSSMC) and Central Indiana Educational Service Center (CIESC), are not deemed schools or school districts. As such, SSSMC shall appoint two (2) trustees; one shall be the executive director and the other shall be the teachers' local bargaining unit president. In the event that these two (2) individuals are unable to serve in these roles, SSSMC shall appoint someone else in the appropriate group to serve as trustee. CIESC shall appoint one trustee who shall serve as an administrative trustee. The bylaws require that the Trustees elect the following officer positions of Chairperson, Vice Chairperson and Secretary/Treasurer.

The following is a listing of persons serving as Trustees as of December 31, 2019, and their respective participating employer.

<u>Name</u>	<u>Participating Employer</u>
Thomas Keeley	Beech Grove City Schools
Michael Shanahan	Beech Grove City Schools
Kevin Caress	Central Indiana Educational Service Center
Fred McWhorter	Franklin Township Community Schools
Bryan Sawyers	Franklin Township Community Schools
Charles Tait	Lebanon Community School Corp
Tracey Hammel	Lebanon Community School Corp
Kirk Farmer	MSD of Decatur Township
Matt Timmons	MSD of Decatur Township
Kent Hatcher	MSD of Perry Township
Mark Madden	MSD of Perry Township
Pam Johnson	Southside Special Services of Marion County
Allison Compton	Southside Special Services of Marion County

Trust Officers

The following is a listing of persons serving as officers of the Trust as of December 31, 2019.

<u>Name</u>	<u>Title</u>
Kirk Farmer	Chairman
Charles Tait	Co-Chairman
Bryan Sawyers	Secretary/Treasurer

Board of Trustees

The Board of Trustees (Trustees) manages the Trust. The Trustees meet monthly to review and oversee Trust operations. The Trustees' duties include overseeing the administration of the Trust, approving premium rates, engaging third party service providers and managing investments, pursuant to the provisions of the Trust Agreement. The Trust does not have any official employees. However, the Trust does have an Administrator. The Administrator is an employee of Franklin Township Community School Corporation (an Employer). The Administrator's salary is paid by Franklin Township and the Trust reimburses the school corporation for the Administrator's salary and benefits on a monthly basis. All operational functions that are not performed by the Trustees or the Administrator are outsourced to third party vendors.

The Trust utilizes a network of advisors, auditors, outside legal counsel and an outsourced actuary to provide additional oversight and advice to the Trustees, to mitigate risk, promote transparency, and assist the Trust in achieving its goals.

CORPORATE RECORDS

Trust Agreement

The Trust Agreement was amended on January 1, 2014. There were no additional amendments made to the Trust Agreement during the examination period.

The Trust Agreement is consistent with Indiana statutory requirements and regulations. The examination noted the absence of any instances where the Trust was operating contrary to the provisions of the Trust Agreement.

Bylaws

The Trust's current bylaws were adopted on March 20, 2014. There were no amendments made to the bylaws during the examination period.

Minutes

The Trustees and committee meeting minutes for the period under examination, and for a period subsequent to the period under examination, were reviewed by the Examiners.

CONTRACT DOCUMENTATION

The following paragraphs describe the Trust's material contracts that were effective as of December 31, 2019:

Medical and Pharmacy Plan

The Trust's plan documents are updated annually. The Trust's plan documents describe the Trust's medical insurance benefit offerings and Anthem Insurance Companies, Inc., which is doing business as Anthem Blue Cross and Blue Shield (Anthem), administers them. The summary plan descriptions are comprehensive documents, which describe plan coverages, and exclusions, claim processes, resources available, and include language concerning compliance and statutory requirements. The examination noted the absence of any instances where the Trust provided benefits that were contrary to the benefits defined in the plan documents selected for review.

Dental Plan

Effective January 1, 2019, the Trust and Anthem entered into a contract for Anthem to administer the Trust's dental plan. The Trust's plan documents included covered services with pay allowance information for participating and nonparticipating providers based on the provider's network participation.

Vision Plan

Effective January 1, 2018, the Trust and VSP entered into a three-year contract to administer the Trust's vision plan. The Trust's plan documents included covered services with pay allowance information for participating and nonparticipating providers based on the provider's network participation. This plan was terminated effective January 1, 2020 and replaced by a contract with Anthem.

Life and Accidental Death & Dismemberment (AD&D) Plan

Effective January 1, 2019, the Trust and Sun Life Assurance Company of Canada entered into a contract to insure and administer the Trust's life and AD&D plans. The Trust's plan documents included coverages and limitations.

Administrative Services Agreement

Effective January 1, 2019, the Trust and Anthem, entered into an Administrative Service Agreement whereby Anthem agreed to provide claims and administration services, and administer complaints and appeals for the Trust. The Administrative Services Agreement was amended on an annual basis during the examination period.

COBRA Benefit Services

Effective January 1, 2019, the Trust and JAG Enterprises, LLC doing business as BenefitsWorkshop entered into a contract to administer the Trust's COBRA benefits and communications.

Consulting Agreement

Effective February 1, 2019, the Trust entered into a two (2) year agreement with MJ Insurance, Inc., whereby MJ Insurance, Inc. agreed to assist the Trust with the following services: administrative assistance, benefit design, claims analysis, clinic and wellness initiative oversight, funding strategy, healthcare reform and strategic planning and insurance.

Health and Wellness Center Agreement

Effective January 1, 2018, the Trust entered into a five (5) year agreement with Community Health Network, Inc. doing business as Community Employer Health to provide health care services to members of the Trust. Services are provided to the Trust's members by a licensed physician or nurse practitioner for a mutually agreed upon number of hours per week.

Employee Assistance Program (EAP)

Effective March 1, 2019, the Trust entered into a two (2) year agreement with Community Health Network, Inc. to develop and provide EAP services to the Trust's members.

Dependent Eligibility Verification

Effective July 1, 2019, the Trust entered into a three (3) year agreement with Health Management Services, Inc. to gather information about the dependents of employees in order to allow the Trust to determine whether such dependents are eligible for the Trust's employee healthcare programs.

Actuarial Services Agreement

Effective January 1, 2019, the Trust entered into an agreement with Milliman, Inc. to provide the required actuarial certification of the Trust's operations and funding. Paul Houchens, FSA, MAAA and Anders Larson, FSA, MAAA signed the actuarial report for the Trust as of December 31, 2019 on March 17, 2020.

Legal Services Agreement

Effective March 23, 2005, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP to provide legal support services. The agreement is automatically extended for twelve (12) month periods unless one party to the agreement provides notice of non-renewal. As of December 31, 2019, there were no pending litigation matters identified during the examination.

Independent Audit Agreement

Effective January 13, 2020, the Trust entered into an agreement with Brady Ware & Schoenfeld, Inc. to conduct the annual audit for the Trust. The independent audit report as of December 31, 2019, was issued with an unqualified opinion.

Other Insurance Policy

The Trust protects itself against loss from fiduciary dishonesty through a policy issued by the Federal Insurance Company. The coverage has limits of \$500,000 per loss.

FIDELITY BOND

The Trust protects itself against loss from any fraudulent or dishonest acts through the purchase of a fidelity crime bond issued by The Cincinnati Insurance Company. The bond has a policy aggregate limit of liability of \$5,000,000. No exceptions were noted with regard to the fidelity coverage purchased by the Trust.

REINSURANCE

Excess Loss Fund Insurance Protection

The Trust has a stop loss policy with Anthem. The coverage applies to medical and prescription drugs. For the policy period of January 1, 2019 through December 31, 2019, the specific stop loss limit was \$325,000 and the aggregate stop loss limit was \$37,591,200.

ACCOUNTS AND RECORDS

The Trust's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The Trust's accounting procedures, practices, and account records were deemed satisfactory.

RELATED PARTY TRANSACTION

The Trust's Administrator is an employee of Franklin Township Community School Corporation (an Employer). The Administrator's salary is paid by Franklin Township and the Trust reimburses the school corporation for the Administrator's salary and benefits on a monthly basis. The service expenses incurred by the Trust for the Administrator for the year ended December 31, 2019 were \$119,368.

HOOSIER SCHOOL BENEFIT TRUST
Statement of Assets, Liabilities and Fund Balance
As of December 31, 2019

	Per Examination*
ASSETS	
Cash	\$ 1,620,852
Money market funds	826,357
TrustIndiana funds	8,682,631
Refunds and rebates receivable	513,620
Accrued interest income	33,411
Other assets	37,693
Certificates of deposit	5,250,000
Investments	2,919,657
Total Assets	\$ 19,884,221
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 161,789
Claims payable	841,134
Incurred but not reported claims reserve	3,719,683
Total Liabilities	4,722,606
 Fund Balance	
Restricted reserve - supplemental contribution reserve	8,125,286
Unrestricted reserve	7,036,329
Total Fund Balance	15,161,615
Total Liabilities and Fund Balance	\$ 19,884,221

* In accordance with IAC 1-68-1 (12), supplemental contribution fund assets are restricted to being used solely for the payment of outstanding claims. No financial adjustments were proposed; however, some fund balance line items may have been changed, for presentation purposes.

HOOSIER SCHOOL BENEFIT TRUST
Statement of Revenue, Expenses and Change in Fund Balance
For the year ending December 31, 2019

	<u>Per Examination*</u>
REVENUE	
Net premiums	
Premiums - Employer contributions	\$ 39,191,878
Reinsurance premiums paid	(2,265,258)
Total net premiums	36,926,620
Interest income	422,637
Total Revenue	37,349,257
 EXPENSES	
Claims paid, net of refunds and rebates	36,698,989
Change in claims reserve	(263,566)
Administrative and network fees	1,961,738
Health care clinic expenses	1,846,092
Wellness initiative	268,089
Professional fees	224,755
Trust administrator services	119,368
Cost effectiveness incentives	7,919
Miscellaneous	36,505
Total Expenses	40,899,889
 CHANGE IN FUND BALANCE	
Net loss	(3,550,632)
Fund balance, beginning of year	18,712,247
Fund balance, end of year	\$ 15,161,615

* No financial adjustments were proposed; however, some revenue and expense line items may have been moved for presentation purposes.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2019, based on the results of the examination.

OTHER SIGNIFICANT ISSUES

Indiana Administrative Code section 760 IAC § 1-68-16(a) states that “A MEWA shall provide to each participating employer the written notice, ‘In the event the plan or the MEWA does not ultimately pay medical expenses that are eligible for payment under the plan for any reason, the participating employer may be liable for those expenses.’” There was no evidence provided by the Trust that this written notice was provided to each participating employer.

It is recommended that the Trust becomes compliant 760 IAC § 1-68-16(a).

There were no other significant issues identified as of December 31, 2019, based on the results of this examination.

SUBSEQUENT EVENTS

Pandemic Risk: On March 11, 2020, the World Health Organization declared an outbreak of the coronavirus (COVID-19). The extent of the impact of COVID-19 on the Company’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. Due to the timing of the examination and fieldwork, the effects of COVID-19 on this entity are not fully addressed within this examination report.

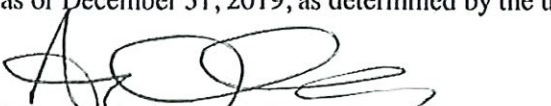
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with assistance from Ingardus, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of the Hoosier School Benefit Trust, as of December 31, 2019.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.


This examination was performed in accordance with those procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of the condition of Hoosier School Benefit Trust as of December 31, 2019, as determined by the undersigned.



Angela L. Ohlmann, CPA, CGMA, CFE (Fraud), MCM
Ingardus, LLC
State of: Indiana
County of: Marion

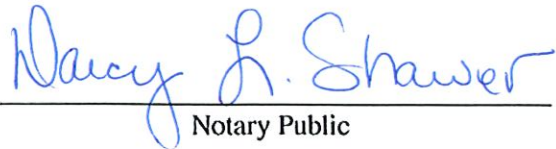
Under the Supervision of:



Jerry Ehlers, CPA, CFE (Financial), AES
Examiner-in-Charge
Indiana Department of Insurance

On this 10th day of February, 2022, before me personally appeared, Angela L. Ohlmann and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: October 4, 2025 

Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC
SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 706053

